

**Testimony of Victor Schantz,
Schantz Organ Company**



**On Behalf of
National Small Business United**



House Government Reform Subcommittee on Energy
Policy, Natural Resources and Regulatory Affairs

Executive Paperwork Reduction Hearing

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Thank you. Chairman Ose and Ranking member Tierny, I thank you for inviting me here today and appreciate the opportunity to speak on behalf of National Small Business United. My name is Victor Schantz, and I am president and owner of Schantz Organ Company, a 130-year-old family-owned business that was started by my great grandfather, a Swiss woodworker who was fascinated with reed organs and decided he could build one.

Today we build pipe organs for churches throughout the United States and recently completed our first international project restoring and enlarging a historical pipe organ at Melbourne Town Hall in Melbourne, Australia. We employ 95 craftsmen and women. Our annual sales volume is \$7.5 million dollars. We build about 20 custom designed hand crafted instruments per year. There are approximately 65 firms engaged in the pipe organ business in the United States with an estimated employment of about 1,000 workers. We generate an estimated eighty million dollars of sales revenue each year. We are a micro-industry, like many other small industries in community after community, we have a rich history and continue to build upon the work of our family. These businesses support the local churches, libraries, schools, United Ways, charitable organizations of all kinds and help make America the kind of place it is.

As we've all heard, small businesses are being pounded by regulatory burdens. The Small Business Administration reports that the average per-employee cost of all federal regulation for companies with fewer than 20 employees is approximately \$6,975. That per-employee cost is \$ 2,512 more than what firms with 500+ employees pay. I am grateful to this committee and the chairman's leadership in passing the Small Business Paperwork Relief Act of 2002. A step in the right direction, yet there is still much to do.

To give you an idea of just a few of the forms I have to fill out on an annual basis:

This first pile of paperwork represents what we do annually to prepare our corporate federal income tax return.

This next pile is the annual Department of Labor 5500 reports covering health and pension benefit plans.

This third pile represents the Department of Labor, Department of Commerce and Bureau of Census reports that we have been asked to compile. I think you get the point here.

Finally, I'd like to call to your attention a recent addition of the EPA Toxic Substances Reporting Inventory. This is a newly mandated report that is due by June 2003 for the first time, because EPA lowered the threshold for reporting from 10,000 lbs. of lead used per year in a business to a mere 100 lbs. per year. Through their Web site, which includes 195 pages of instruction on how to complete the two different forms, the EPA estimates that both forms will take approximately 82 hours combined, to complete. I currently charge clients \$50.00 per hour for labor costs. That amounts to \$4,100 additional cost to report on lead usage that is just barely over the minimum level for most in my industry.

Although the EPA estimates a combined 82 hours for both forms, I expect that the initial reporting process will take much longer. As a pipe-organ artisan, I know pipe-organs, I don't know EPA reporting. The form that identifies the expected amount of time for completion is in the Paperwork Reduction Act Notice that is within the directions. The very same directions that it took the EPA 195 pages to explain this process to me. The irony here is that a small business owner like myself would have to sort through the first 30 pages of a 195 page document to even find the Paperwork Reduction Act Notice.

A pipe organ business handcrafts each organ pipe out of a lead-tin alloy that we make ourselves. We have about 300 years of accumulated experience in our craft from working with lead. We have learned how to use it, recycle it and handle it safely. We have a spotless safety record and are conscientious about environmental safety for our employees and our community. Most pipe-organ builders use barely more than 100 lbs of lead – just enough to mandate lengthy reporting.

However, we've now been swept up in this regulatory effort that seems to have been borne over a general hysteria about lead. It doesn't make common sense to us to extend the regulatory burden to small companies. Micro industries like ours should be exempted from these types of reporting requirements. If you'll look at the form, which is included in my written testimony, you can see that it is intended for large businesses, a company of my size can't even complete much of it because it is irrelevant. Even w/in the EPA TRI, there are numerous exemptions for types of businesses, I have to believe there is some way of alleviating this burden on the small pipe-organ builders industry.

We were optimistic when the Paperwork Reduction Act was passed. We thought we would see improvement in the amount of material we are required to submit. We do note that some reports and censuses expire after a few years, but others seem to take their place. The EPA Toxic Substances Reporting Inventory is illustrative of broad mandates set by agencies who have given no forethought to the numerous micro-industries that would be affected by such wide-sweeping changes. That being said, I do understand the potential dangers of using lead, and agree that safety must be priority number one. However, common sense tells me that micro-industries such as the pipe-organ builders who are just barely over the minimum usage for mandated reporting, are not the industries that need protecting. We employ our neighbors, our families, and would clearly have their best interest at heart.

I, and many small business owners like me, would support some kind of language to support exemption for small businesses in the case of these broad rules. We don't want to "play outside the rules" we merely want to stay in the game. Has the Small Business Paperwork Relief Act of 2002 improved the situation? Yes. Is there much more to be done? Absolutely.

I thank you for your time and welcome any questions you have for me.